

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
CITY OF AUBURN  
DEKALB COUNTY, INDIANA  
January 1, 2008 to December 31, 2008



**FILED**  
12/21/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia M. Miller	01-01-08 to 12-31-11
Mayor	Norman E. Yoder	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Norman E. Yoder	01-01-08 to 12-31-11
President of the Common Council	James A. Finchum Marilyn Gearhart	01-01-08 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF AUBURN, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of the City of Auburn (City), for the period of January 1, 2008 to December 31, 2008. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 19, 2009

CITY OF AUBURN  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 1,693,648	\$ 4,848,816	\$ 5,370,654	\$ 1,171,810
Motor Vehicle Highway	450,221	1,493,007	1,473,540	469,688
Local Road and Street	117,453	63,405	62,435	118,423
Park and Recreation	349,494	651,395	553,502	447,387
Law Enforcement Continuing Education	17,754	12,735	7,145	23,344
Rainy Day	281,871	241,358	-	523,229
Donation	81,289	136,372	142,051	75,610
Fire Donation	-	355	-	355
Cumulative Capital Improvement	200,986	42,251	-	243,237
Cumulative Capital Development	1,868,440	244,684	7,496	2,105,628
County Economic Development Income Tax	1,765,473	451,843	360,371	1,856,945
Park Nonreverting	111,590	38,956	35,016	115,530
Rieke Park Construction	128,490	279,741	281,709	126,522
Fire Living Quarters	1,224	1,164	1,496	892
Fire Station Building Corporation Lease	126,196	267,856	268,764	125,288
Computer Building Corporation Lease	63,540	-	-	63,540
Information Technology Maintenance	29,736	24	29,760	-
Auburn Drive Project	34,218	-	-	34,218
Police Department Local Grants	1,172	-	-	1,172
Drug Enforcement Grant	13,296	15,486	5,486	23,296
DUI Grant	200	4,250	4,150	300
ISTEA/ACD Museum Grant	3,755	-	-	3,755
Tower UDAG Project	17,280	-	-	17,280
Multi-County Drug Task Force	67,110	35,772	39,828	63,054
Local Law Enforcement Block Grant	162	-	-	162
General Improvement	41,859	-	-	41,859
Industrial Sewer Revolving	118,615	-	-	118,615
Tax Incremental Financing	6,093,410	492,015	95,300	6,490,125
CEDIT Debt Service Reserve	271,170	-	-	271,170
<b>Proprietary Funds:</b>				
Water Utility - Operating	875,665	2,350,480	2,688,042	538,103
Water Utility - Bond and Interest	8,188	422,700	419,677	11,211
Water Utility - Depreciation	1,420,409	264,000	615,875	1,068,534
Water Utility - Customer Deposit	47,573	21,916	18,262	51,227
Water Utility - Construction	368,853	5,310	-	374,163
Water Utility - Debt Service Reserve	542,085	-	-	542,085
Water Utility - Cash Reserve	-	81,000	81,000	-
Wastewater Utility - Operating	2,033,786	2,997,990	3,759,411	1,272,365
Wastewater Utility - Bond and Interest	78,859	745,860	745,825	78,894
Wastewater Utility - Depreciation	1,712,720	500,449	790,246	1,422,923
Wastewater Utility - Customer Deposit	22,045	10,816	7,919	24,942
Wastewater Utility - Improvement	1,045,198	72,000	-	1,117,198
Wastewater Utility - Debt Service Reserve	765,720	-	-	765,720
Wastewater Utility - Cash Reserve	20,700	165,000	165,000	20,700
Electric Utility - Operating	5,229,766	23,590,653	24,444,544	4,375,875
Electric Utility - Bond and Interest	720	-	-	720
Electric Utility - Depreciation	2,158,051	1,501,225	1,676,287	1,982,989
Electric Utility - Customer Deposit	71,706	42,258	30,880	83,084
Electric Utility - Cash Reserve	109,317	108,000	115,000	102,317
Self Insurance	1,530,981	1,116,048	1,312,045	1,334,984
<b>Fiduciary Funds:</b>				
Police Officers' Pension	158,031	33,513	59,793	131,751
Flex	8,627	47,417	43,685	12,359
Cobra Administration	-	1,211	637	574
Payroll	100	8,308,368	8,101,016	207,452
<b>Totals</b>	<b>\$ 32,158,752</b>	<b>\$ 51,707,699</b>	<b>\$ 53,813,847</b>	<b>\$ 30,052,604</b>

The accompanying notes are an integral part of the financial information.

CITY OF AUBURN  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: general administrative services, public safety, highways and streets, culture and recreation, public improvements, planning and zoning, urban redevelopment and housing, electric, water, and wastewater services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF AUBURN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

Wastewater Treatment Plant Expansion

On October 6, 2009, the City Council approved borrowing from the State Revolving Fund (SRF) program for a major expansion of the Wastewater Treatment Plant. The approximately \$22 million project will be funded primarily by an SRF loan (\$15,470,000) and federal stimulus money (\$5,000,000). The Board of Works awarded a \$15,475,000 construction contract to Weigand Construction for the project. A portion of the debt incurred for the project will be used to refund \$2,070,000 of outstanding 1995 EDIT bonds used for a prior expansion of the Wastewater Treatment Plant.

CITY OF AUBURN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,041,537
Infrastructure	32,842,509
Buildings	2,910,859
Improvements other than buildings	1,410,750
Machinery and equipment	8,631,039
Construction in progress	<u>2,368,202</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 50,204,896</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 735,068
Construction in progress	935,731
Capital assets, being depreciated: -	
Buildings	3,532,927
Improvements other than buildings	12,762,588
Machinery and equipment	1,294,384
Transportation equipment	<u>272,050</u>
Total Water Utility capital assets	<u>19,532,748</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	377,757
Construction in progress	1,146,304
Capital assets, being depreciated:	
Buildings	6,288,738
Improvements other than buildings	23,719,160
Machinery and equipment	10,483,998
Transportation equipment	<u>321,214</u>
Total Wastewater Utility capital assets	<u>42,337,171</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	701,589
Construction in progress	6,003,003
Capital assets, being depreciated:	
Buildings	3,043,262
Improvements other than buildings	26,521,959
Machinery and equipment	2,600,301
Transportation equipment	<u>1,576,109</u>
Total Electric Utility capital assets	<u>40,446,223</u>
Total business-type activities capital assets	<u>\$ 102,316,142</u>

CITY OF AUBURN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2008

The City has entered into the following long-term debt:

Description of Debt	Ending Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire station	\$ 975,000	\$ 268,840
Dump trucks	98,687	39,441
Loans:		
State Revolving Fund (Auburn EDIT)	<u>2,165,000</u>	<u>225,225</u>
Total governmental activities long-term debt	<u>\$ 3,238,687</u>	<u>\$ 533,506</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2000 Improvement	<u>\$ 3,165,000</u>	<u>\$ 417,553</u>
Wastewater Utility:		
Loans:		
State Revolving Fund	<u>5,195,000</u>	<u>746,785</u>
Total business-type activities long-term debt	<u>\$ 8,360,000</u>	<u>\$ 1,164,338</u>

CITY OF AUBURN  
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2009, with Patricia M. Miller, Clerk-Treasurer; and Norman E. Yoder, Mayor. Our examination disclosed no material items that warrant comment at this time.